

COPY

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA-AMERICAN)
WATER COMPANY, INC. FOR)
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR WATER AND)
SEWER SERVICE, FOR APPROVAL OF)
NEW SCHEDULES OF RATES AND)
CHARGES APPLICABLE THERETO,)
AND FOR APPROVAL OF CERTAIN)
TARIFF CHANGES TO IMPLEMENT A)
TRACKING MECHANISM FOR)
PURCHASED POWER COSTS)

CAUSE NO. 43187

FILED

JAN 18 2007

INDIANA UTILITY
REGULATORY COMMISSION

SUBMISSION OF OMITTED ATTACHMENT

Petitioner, Indiana-American Water Company, Inc. ("Petitioner") by counsel, submits herewith an attachment which it neglected to file with the Response to OUCC's Notice of Non-Compliance, which was filed late in the afternoon on January 17, 2007.

Respectfully submitted,



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Attorneys for Petitioner
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served by First Class United States Mail, postage prepaid, upon the following, this 18th day of January, 2007.


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Nicholas K. Kile

Rate of Return Summary
as of June 30, 2006

Line No.	Class of Capital	Actual Amount @ 06/30/06	% of Total	(%) Cost	Weighted Cost	Pre-Tax Weighted Cost
1	Long-term debt	\$251,302,578	48.84%	6.85%	3.35%	3.35%
2						
3	Deferred income taxes	57,301,448	11.14%	0.00%	0.00%	0.00%
4						
5	Accumulated depreciation on contributed utility plant for Muncie Sewer	49,239	0.01%	0.00%	0.00%	0.00%
6						
7						
8	Post Retirement Benefits, net	2,339,769	0.45%	0.00%	0.00%	0.00%
9						
10	Accumulated deferred investment tax credits - Pre 1971	90,801	0.02%	0.00%	0.00%	0.00%
11						
12						
13	Job development investment tax credits (JDITC) - Post 1970	2,305,124	0.45%	7.91%	0.04%	0.07%
14						
15						
16	Preferred stock	360,000	0.07%	6.00%	0.00%	0.00%
17						
18	Common equity	200,753,160	39.02%	9.25%	3.61%	6.16%
19						
20						
21	Total capitalization	<u>\$514,502,120</u>	<u>100.00%</u>		<u>7.00%</u>	<u>9.58%</u>
	Gross Revenue Change	100.0000%				
	Less: Utilities Gross Receipts Tax	1.4000%				
	Less: State Income Taxes	8.5000%				
	Income before Federal Income Taxes	90.1000%				
	Less Federal Income Taxes	31.5350%				
	Income after Income Taxes	58.5650%				
	Gross Revenue Conversion Factor	<u>1.7075</u>				

Petitioner Exhibit GMV-3
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Pro Forma Cost of Preferred Stock
as of June 30, 2006

Line No.	Dividend Rate, Type, Par Value (Col. 1)	Date Issued (Col. 2)	Amount Outstanding at Par @ 06/30/06 (Col. 3)	Premium or Discount (Col. 4)	Unamortized Issue Expense @ 06/30/06 (Col. 5)	Net Proceeds @ 06/30/06 (Col. 6)	Annual Amortization (Col. 7)	Annual Dividends (Col. 8)	Total Annual Cost (Col. 9)
1									
2	Cumulative Preferred Stock								
3									
4	6.000% Series I, \$100 par	1967	\$360,000	\$0	\$0	\$360,000	\$0	\$21,600	\$21,600
5									
6	Totals		\$360,000	\$0	\$0	\$360,000	\$0	\$21,600	\$21,600
7									
8									
9	Cost of preferred stock								6.00%
10	(Col. 9 / Col. 6)								

Pro Forma Rate of Return Summary
as of June 30, 2006

Line No.	Class of Capital	Pro Forma Amount @ 12/31/06	% of Total	(%) Cost	Weighted Cost
1	Long-term debt	\$249,879,885	47.99%	6.79%	3.26%
2					
3	Deferred income taxes	57,758,673	11.09%	0.00%	0.00%
4					
5	Accumulated depreciation on contributed utility plant for Muncie Sewer	52,244	0.01%	0.00%	0.00%
6					
7					
8	Post Retirement Benefits, net	2,877,637	0.55%	0.00%	0.00%
9					
10	Accumulated deferred investment tax credits - Pre 1971	81,597	0.02%	0.00%	0.00%
11					
12					
13	Job development investment tax credits (JDITC) - Post 1970	2,199,350	0.42%	8.92%	0.04%
14					
15					
16	Preferred stock	330,000	0.06%	6.00%	0.00%
17					
18	Common equity	207,508,938	39.86%	11.50%	4.58%
19					
20					
21	Total capitalization	<u>\$520,688,325</u>	<u>100.00%</u>		<u>7.88%</u>

Replaces p. 2 behind Tab 61